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THE DROUGHT and CURRENT FARM IMPORTS



UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
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THE DROUGHT
AND CURRENT FARM IMPORTS

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THE DROUGHT AND CURRENT FARM IMPORTS

Agricultural imports into the United States have become a factor in the news of the day.

The United States has always been one of the great bread and meat baskets of the world. Its agricultural industry has been on a broad export basis. When the morning paper tells of a boatload of corn from the Argentine landing in Baltimore, people naturally wonder why this should be true. The quantity may be trivial in relation to the amount of corn produced and consumed in this country. The event may have no permanent significance. But American producers and the public in general ask why it happened and what were the conditions which made the United States even temporarily an importer of grains.

How much wheat, corn, rye, barley, meats, and other agricultural products is this country actually importing at the present time? Has it imported such commodities in other years? How much of the same commodities is it exporting? Is there any reason to believe that the present importations, even though relatively small, mean a change in its status as an agricultural exporter? Has there been any adjustment in tariffs which facilitates imports at the present time? What are the basic causes for the present imports? These are the questions which must be answered if one is to understand the current export-import situation.

Some American producers are also questioning why there should be imports of agricultural products under any circumstances. It is their contention that the United States should take whatever steps are necessary to prohibit entirely the importation of agricultural products grown in this country. Would this be a wise policy? Would it really react to the benefit of American producers?

In seeking the answers to these questions, one needs to examine the background of this country's position as an exporter and importer of agricultural products.

I. THE EXPORT-IMPORT STATUS OF AMERICAN AGRICULTURE

The United States has always imported large amounts of coffee, tea, cocoa, spices, bananas, silk, rubber, sugar, vegetable oils, and certain other products which are grown not at all or (as in the case of sugar) in limited quantities in the United States.

It may surprise some people to learn, however, that this country has generally imported small amounts of almost every agricultural product, including those which it exports in much larger quantities.

For instance, during the years 1930 to 1933, the United States imported annually an average of nearly 6 million dollars' worth of unmanufactured cotton, more than 15 million dollars' worth of grains and grain products, and nearly 5 million dollars' worth of meats.

There are several reasons for these imports. Certain special types of products, such as cotton of a particular staple, are not produced in the United States, but are needed in domestic manufacture, and hence are brought in from abroad. Secondly, there is the geographic reason that certain areas in our own country, deficient in a given commodity such as meat and adjacent to the borders of other countries, find it more advantageous to import some of the commodity at the prevailing duty rate than to pay the long freight hauls in our own country. Another reason has to do with conditions abroad at a given time. Other producing nations, with excess crops in a given year, and faced perhaps with the loss of their usual foreign markets, are able to send a portion of these products into the United States over tariff duties. A final reason, and the most important with respect to present increased imports, is that short yields in the United States, due to conditions beyond human control, create a temporary need for foreign products.

IMPORTS ROSE IN 1923

In 1923, because of particular conditions, there was a considerable rise in the importation of grains. The United States imported during that year 4 million bushels of corn, 7 million bushels of oats, and 13½ million bushels of wheat. (This wheat was duty paid, for domestic consumption, and did not include wheat bonded for milling and re-export.) During the same year this country exported 163 million bushels of wheat and many times 4 million bushels of corn in the form of meat products. Thus it will be seen that the imports of these

grains were only a small fraction of the exports, and a much smaller fraction still of the domestic production. In 1923 the country produced 759 million bushels of wheat, 2,875 million bushels of corn, and more than a billion bushels of oats.

The point to be noted, however, is that agricultural products which are produced in export quantities in the United States are nevertheless also imported in varying small quantities from year to year.

Table 1, prepared by the Bureau of Agricultural Economics, gives the average of such imports for the 8-month period, July to February, over the decade 1924-34 for our major agricultural commodities, as compared with 1934-35 imports for the same period.

It will be noted that the United States imported, on the average, 366,000 tons of feeds and fodder (that is, oats, barley, rye, corn, wheat for feed, hay, oil-cake and meal, and so on) for each 8-month period over the 10 years indicated. It imported, among other products, 75,000 tons of fruit, exclusive of bananas, more than 50 million pounds of meat, 480 million pounds of vegetables, 97 million pounds of dairy products, and more than 13 million pounds of eggs and egg products, on an average, for the same 8-month periods during this decade.

Thus it is evident that imports of competitive agricultural products have not been limited to the recent period.

TABLE 1.—*Imports of certain groups of agricultural products, July to February, 10-year average, 1924-25 to 1933-34, and 1934-35*

Group	Unit	8 months—July-February		Per-cent- age, 1934-35 of 10-year average
		10-year average, 1924-25 to 1933-34	1934-35	
Feeds and fodders.....	Short tons.....	Thousands	Thousands	Percent
Sugar.....	do.....	366	1,048	286
Fruits.....	do.....	2,266	2,375	105
Fruits, excluding bananas.....	do.....	922	828	90
Vegetable oils and oilseeds.....	do.....	75	56	75
Meats.....	Pounds.....	500	428	86
Vegetables.....	do.....	52,940	43,715	83
Wool.....	do.....	481,716	238,109	49
Dairy products.....	do.....	139,091	61,681	44
Eggs and egg products.....	do.....	97,313	37,845	39
		13,664	2,946	22

Foreign Agricultural Service Division. Compiled in the Bureau of Agricultural Economics from official records of the Bureau of Foreign and Domestic Commerce.

CURRENT IMPORTS OF AGRICULTURAL PRODUCTS

What agricultural imports show an increase at the present time, and how great is the increase?

Referring again to table 1, it will be noted that only feed grains show any considerable increase over the 10-year average, and these are less than 3 times the average. Sugar imports are only slightly

higher; all other products show a decrease in imports in relation to the 10-year average. Sugar imports, it may be noted, are regulated by quota arrangements in accordance with the Jones-Costigan Sugar Act approved May 9, 1934. Meat imports were 17 percent less than the 10-year average; vegetable oils, 14 percent less; fruits, omitting bananas, 25 percent less; wool, 56 percent under; vegetables, 51 percent under; dairy foods, 61 percent under; and eggs and egg products, 78 percent less than the 10-year average imports. Imports of all competitive agricultural products were 75 percent of the 10-year average. Imports of noncompetitive agricultural products (coffee, tea, rubber, etc.) were 99 percent of the 10-year average.

Thus only imports of grains showed a considerable increase over the average for the previous 10 years. Production of grains in 1934, because of the drought, was cut down more than production of other agricultural products.

RELATIVE VOLUME OF CURRENT IMPORTS OF GRAINS

While imports of grains during recent months are large in comparison to imports during previous years, a true picture of their importance can be obtained only by comparing the quantities that are coming over tariff walls with the total amounts produced and consumed in the United States, with exports, and with the loss caused by the 1934 drought.

Table 2 indicates the size of grain and hay imports as compared with average production and with the losses caused by the drought. Current grain imports taken as a whole are only 1.8 percent of the loss to all grains due to the drought, estimated at over 2 billion bushels.

TABLE 2.—*Grains and hay: Production, drought loss 1934, and imports July 1, 1934, through Feb. 28, 1935*

Product	Unit	Average production 1928-32 ¹	Production 1934 ¹	Reduction in 1934			Imports July 1-1934-Feb. 28, 1935 ²	Percentage imports to average production	Percentage imports to drought loss
				Total	Due to A. A. A. ²	Due to drought			
Wheat	Bushels	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Percent	Percent
Corn	do	860,228	496,469	363,759	54,224	309,535	9,611	1.1	3.1
Oats	do	2,562,147	1,380,718	1,181,429	181,685	999,744	6,510	.26	.7
Barley	do	1,217,668	528,815	688,853	(4)	688,853	9,321	.76	1.3
Rye	do	283,145	118,929	164,216	(4)	164,216	7,824	2.8	4.7
All grains	do	38,655	16,040	22,615	(4)	22,615	5,864	15.2	25.9
Hay	Short tons	4,961,843	2,540,971	2,420,872	235,909	2,184,963	39,030	.8	1.8
		80,216	56,690	23,526	(4)	23,526	49	.06	.2

¹ December Crop Report, Division of Crop and Livestock Estimates.

² Contracted acreage at 1934 average yield per acre seeded of wheat and average yield per acre harvested of corn, calculated by States and totaled.

Bureau of Foreign and Domestic Commerce.

No program.

Imports of wheat for domestic consumption (which does not include bonded wheat imports for milling and re-export) during the 8-month period from July 1, 1934, through February 28, 1935, were 9,511,000 bushels. This compares with an average production during the 5 years from 1928 through 1932 of 860 million bushels, or less than 1 percent. Drought damage to the wheat crop last year is estimated to have reduced production by about 300 million bushels, in addition to the reduction of 54 million bushels brought about by the Agricultural Adjustment Administration wheat program. Wheat that has been imported since July 1, 1934, and through February 1935 has amounted to a little over 3 percent of the loss directly attributed to the drought.

Wheat exports during 1934 of more than 25 million bushels greatly exceeded imports of less than 8 million bushels during the same period. For January and February 1935 wheat imports about balanced exports.

CORN IMPORTS EQUAL TO CROP OF ONE IOWA COUNTY

Corn imports during the same 8-month period were 6,510,000 bushels. The extent of corn imports may be judged by noting that 6,510,000 bushels is about equal to the production of a representative Iowa corn county—for example, Calhoun County—during an average year. The same amount is about one-fourth of 1 percent of our average annual corn production of 2,500,000,000 bushels. Damage to the corn crop last year is estimated to have reduced the yield by approximately a billion bushels, while reduction through the 1934 corn-hog program is estimated at less than 200 million bushels. Thus corn imports during the 8-month period were about seven-tenths of 1 percent of the estimated drought loss.

While corn imports have increased since January 1, it should be noted that exports of corn during 1934, amounting to about 3½ million bushels, were greater than imports of around 3 million bushels.

Imports of oats, barley, and rye were relatively larger than imports of corn and wheat. Oat imports were 9,321,000 bushels during the 8-month period, or 1.35 percent of the drought loss to this crop of about 700 million bushels. Barley imports were 7,824,000 bushels, or approximately 5 percent of the drought loss. Rye imports were 5,864,000 bushels, or about 26 percent of the 1934 reduction below the average rye crop.

NO ADJUSTMENT OF OATS, BARLEY, AND RYE

All of the reduction in the 1934 yields of oats, barley, and rye is attributable to drought, since no adjustment programs were in effect for these crops. Part of the increased imports of barley and rye were

due to increased demand in brewing and distilling industries, following repeal of the eighteenth amendment.

Imports of hay during the 8-month period were 49,000 short tons, the equivalent of approximately two-tenths of 1 percent of the loss due to the drought. Severe drought loss in hay and forage crops was partly offset by the planting of hay and pasture crops on areas in the 36 million contracted acres which had been shifted from major crop production through the 1934 A. A. A. programs. In addition to this, the Adjustment Administration underwrote the harvesting of 76,000 tons of corn fodder and stover and 18,000 tons of soybean hay for forage.

MEAT IMPORTS

While a large exporter of meat products, particularly pork and lard, the United States has been also an importer of certain amounts of meat products. These include specialty products of different types, and a considerable amount of canned beef from South American countries, particularly Uruguay and Argentina. Importation of fresh and frozen meats from South America is prohibited by United States sanitary regulations. Importation of canned beef is due to the fact that little beef is canned in the United States, while a considerable portion of Uruguay and Argentina beef is so prepared. Thus much of the demand for canned beef in the United States is supplied by South American imports. (Meat imports are analyzed in greater detail in later pages.)

The average amount of beef and veal imports during the 10 years preceding 1934 was 56,468,000 pounds. (See table 3.) The average United States production of beef and beef products is over 7 billion pounds, so that imports of edible beef, allowing for the concentrated volume of the canned product, are normally less than 2 percent of the quantity domestically produced.

TABLE 3.—*Meats and products: Average exports and imports, 1924-33, and exports and imports, 1934*

[In thousands of pounds—000 omitted]

Products	Average United States dressed production, 1924-33 ¹	Average exports, 1924 to 1933 ²	Exports, 1934 ²	Average imports, 1924 to 1933 ²	Imports, 1933 ²	Imports, 1934 ²
Beef and veal, fresh, pickled, cured, and canned		19,147	21,910	56,468	44,220	47,641
Beef products		112,395	68,151	5,532	5,516	44,973
Total	7,377,600	131,542	90,061	62,000	49,736	92,614
Pork, fresh, pickled, or cured and canned		324,789	150,542	7,531	2,926	1,581
Lard and pork products		723,598	446,120			
Total	12,271,200	1,048,387	596,662	7,531	2,926	1,581
Mutton and lamb		926	594	1,964	15	5
Products				4,371	6,200	6,915
Total	727,900	926	594	6,335	6,215	6,920

¹ Compiled from cattle information tables and reports of the Division of Crop and Livestock Estimates, Bureau of Agricultural Economics.

² Monthly summary, Foreign Commerce of the United States.

Imports of edible beef and veal during 1934 were less than the average imports of the last 10 years, amounting to 47,641,000 pounds. Imports during January and February of 1935 were likewise not above the average of previous years, approximately 9 million pounds having been received during this period.

A considerable increase in imports of nonedible beef products occurred in 1934, approximately 45 million pounds having been received as compared with average imports of 5½ million pounds. The major item in this amount was beef tallow, a low-value product of which over 40 million pounds were imported last year. This product is used in soap-making, and its increased importation is caused by the reduction in imports of whale oil used for the same purpose, brought about by the excise tax imposed on this commodity by the last Congress.

Pork imports are practically negligible, the small amounts received being specialty products. One and one-half million pounds—half the average yearly imports—were imported last year. This represents less than two-hundredths of 1 percent of our domestic production of more than 12 billion pounds yearly.

Imports of mutton and lamb are mostly of nonedible oils and greases. Approximately 7 million pounds were received in 1934.

DROUGHT FORCED SLAUGHTER OF ANIMALS

Supplies and consumption of meats in the United States were high in 1934 because of the forced slaughter of animals due to the drought. Reduction in supplies since then may cause an increase in imports during 1935 and until stocks are replenished. Meat supplies during 1935, however, will be larger than they would have been had there been no drought relief programs by the Agricultural Adjustment Administration. These programs conserved for future use meat of animals which would otherwise have perished from the drought. They also enabled farmers to retain on farms and ranches a larger number of good breeding animals and other livestock of good quality by making available a larger supply of feed during the period of acute shortage, and through the prompt disposal of inferior animals.

United States exports of meat and meat products, in the aggregate, continue to exceed imports by a very large proportion. Total exports of beef and products, pork, lard and pork products, and lamb and mutton in 1934 were 688,317,000 pounds as compared with imports of 101,115,000 pounds.

Through the reciprocal trade agreement with Cuba, exports of lard to that country were approximately 16½ million pounds during the 6 months through February 1935, since the agreement went into effect, as compared with less than 4½ million pounds for the same period a year earlier, an increase of 12 million pounds.

BUTTER IMPORTS

Butter imports increased during the first months of 1935, due to relatively high prices caused by lowered supplies and lowered production, which in turn were due to feed shortage because of the drought. There is no adjustment program for butter. Approximately 8,500,000 pounds of butter were imported, paying a duty of 14 cents a pound, between January 1 and the end of March, arriving mostly from New Zealand. This increase in imports did not offset the reduction in domestic production caused by the drought. Butter production from September through February was 37 million pounds below that of the corresponding period a year earlier. Storage stocks of butter had also been reduced to unusually low levels. As of February 1, storage stocks were approximately 19 million pounds, as compared with 76 million pounds a year ago, and a 5-year average for February 1 of 44,671,000 pounds. Domestic consumption of butter in February including imports moving into retail trade channels, was 24 percent under the volume consumed domestically in the same month a year ago. Butter prices were expected to decrease later in the spring, when fewer imports should be expected.

Imports of butter into the United States have been smaller in recent years than they were 10 years ago. This has been due largely to increasing tariffs, and partly to the low domestic price of butter during the early depression years. Imports in 1932, 1933, and 1934 were little more than a million pounds each year, or less than a hundredth of 1 percent of our average annual production of around 1,500,000,000 pounds. (See table 4.)

Exports of butter have about matched imports from 1928 through 1934, with both exports and imports declining during this period.

TABLE 4.—*Butter: Exports and imports, 1927-35, with 1923-27 average¹*

[In thousands of pounds—000 omitted]

Year	Exports	Imports	United States creamery produc- tion	Year	Exports	Imports	United States creamery produc- tion
AVERAGE							
1923-27 ² -----	5,854	13,369	1,381,616	1933-----	1,191	1,021	1,762,688
1927-----	4,343	8,460	1,496,495	1934-----	1,220	1,107	1,653,792
1928-----	3,898	4,659	1,487,049	1935:			
1929-----	3,724	2,773	1,597,027	January-----	57	539	-----
1930 ³ -----	2,954	2,472	1,595,231	February-----	49	3,056	-----
1931-----	1,984	1,882	1,667,452	March-----	61	4,928	-----
1932-----	1,605	1,014	1,694,132				

¹ From Handbook of Dairy Statistics and Market News Service, Bureau of Agricultural Economics.² Tariff 8 cents a pound until Apr. 5, 1926, when it was raised to 12 cents a pound.³ June 12, 1930, tariff raised to 14 cents a pound.

NO REDUCTION IN TARIFFS

The grains and other products which have been attracted into the United States by shortage due to the drought have scaled the regular tariff walls, in accordance with the Tariff Act of 1930. Wheat for human consumption has paid a duty of 42 cents a bushel, while wheat unfit for human consumption has paid a 10 percent ad valorem tariff. Corn has paid the regular duty of 25 cents a bushel, oats 16 cents a bushel, barley 20 cents, and rye 15 cents a bushel. Beef has paid a duty of 6 cents a pound, or not less than 20 percent ad valorem for canned beef.

Only in the case of hay and straw was there removal of the tariff to allow increased imports, and this was done in order to help growers of stock and dairy animals for whom the feed situation due to the drought was most acute. The move to allow temporary free entry of hay and straw was initiated by livestock producers, who petitioned the President. In answer to this petition, the President issued a proclamation which became effective on August 30, 1934, temporarily removing the tariff on hay and straw. The tariff may be reestablished as soon as the acute situation with regard to feed is sufficiently mitigated. Hay which has come in duty free has been consumed mostly in the drought areas near the Canadian border.

Imports of corn, wheat, oats, and other products have been drawn into the United States through shortages and high prices caused largely by the drought. Importation is possible only when American domestic prices are sufficiently above prices in foreign producing countries, so that ocean freight, insurance, and handling charges, plus the duty, plus such freight and handling charges as may be necessary within the borders of the United States, can be paid by foreign sellers and still leave them a profit.

PRESENT SITUATION ABNORMAL

Obviously these conditions can be met only during a very abnormal situation, such as exists at present. As production in the United States resumes, and with normal growing weather, the differential between domestic and foreign prices is certain to be reduced to a point at which importation is unprofitable. Even at the present time, the margin is so narrow as to permit a relatively minor amount of imports. These small quantities of imports are, however, the evidence that farm prices have risen to the top of the tariff wall. They show that the farmers are really getting a temporary benefit of the tariff. Under all normal circumstances, the tariff has no such effect upon farm prices. Only the unusual circumstance of drought has caused a domestic shortage of farm products such as to give the tariff the degree of effectiveness which it usually lacks, so far as the farm-

ers are concerned. Farm imports normally are not attracted into this country because farm prices usually are kept down by excess supplies to a point where it does not pay to ship competitive agricultural products into this country.

Such imports as have been received have been utilized for the most part in areas along the coasts of the United States, far from the large producing areas of the interior. Thus, corn has entered the ports of the Atlantic and the Pacific, and has been used mostly for feed near the metropolitan centers of the seaboard. Corn imports have not displaced corn available in the Corn Belt, but has supplemented short feed supplies along the coasts.

Meanwhile, the high domestic prices for wheat, corn, oats, and other products have benefited American producers. Though the United States is temporarily on a domestic basis for most of its agricultural products, the total returns to farmers are greater than they have been in recent years when large surpluses forced low domestic and world prices. The point to be noted, however, is that no changes in the tariff schedule have been made since 1930. •

SHOULD IMPORTS BE PROHIBITED?

Some American producers have argued that since the A. A. A. has effected control programs in the case of wheat, corn, and hogs, and other commodities, imports should be excluded entirely in order to secure every benefit to American producers.

While it would be unthinkable to encourage American producers to adjust their output and at the same time permit the benefits to be dispersed through other lands because of greatly enlarged imports, it would be equally unwise to adopt a mandatory policy of exclusion to be applied under all conditions, regardless of droughts, and of the quantity and real importance of the imports.

Farmers should realize that they stand to lose much if they agree to high industrial tariffs which are real burdens on agriculture, in exchange for illusory farm tariffs. Consideration might be given to the use of quotas if necessary to prevent significant increases in imports of a commodity with which the A. A. A. is dealing. Some reasons why tariffs of exclusion might not be of actual benefit to American producers may be set forth.

In the first place, the percentage of imports, as noted before, is so small as to have almost no effect on American prices. Moreover, as in the case of butter, decrease in domestic consumption during a period of high prices and low supplies has been relatively a larger factor than increased imports.

In the second place, exclusion of imports by embargo or other methods would be certain to result in retaliation on the part of foreign nations which in the end would harm rather than help American pro-

ducers. American farmers in particular normally have a large stake in America's export trade, and this stake would be endangered for future years by restrictive tariff practices at the present time.

Third, there are certain agricultural products which the United States is in need of, either temporarily, or normally. For example, the extremely short crop of durum wheat last year which was only one-fifth of the usual domestic production, has required importation temporarily of this type of wheat. Exclusion would result in the definite lack of a commodity needed by American consumers. Producers would not gain from exclusion of needed commodities, but would only arouse consumer resentment.

Fourth, the imports which are being received are not really displacing products which American producers have for sale. They are supplementing drought shortages in American supplies.

Finally, it is to be observed that the authority to adjust tariffs or otherwise control foreign commerce lies with Congress. The power of prohibiting importation of agricultural products has not been granted the Agricultural Adjustment Administration. By the Reciprocal Tariff Act, the President was granted the power to raise or lower existing tariff rates by as much as 50 percent in connection with reciprocity agreements with foreign countries. He was not conceded the power, however, to prohibit importations absolutely. This power remains with Congress.

THE UNITED STATES IS ON AN EXPORT BASIS FOR ITS MAJOR AGRICULTURAL PRODUCTS

In spite of the current increase in imports of some agricultural products, the United States is still on an export basis for the aggregate of its chief agricultural products. Thus, during 1934, it exported more than 650 million dollars' worth of cotton, tobacco, meat products, grains and grain preparations, and fruits and preparations, while it imported only approximately 125 million dollars' worth of these kinds of products, including 24 million dollars' worth of non-competitive bananas.

The export trade level is very much reduced, however, from the level of pre-war and earlier post-war exports. On the basis of the 1909 to 1914 average volume of agricultural exports, the January 1935 index for all commodities stood at 57, as compared to 93 for January 1934, and 97 for January 1933. Grain and grain products stood at 17, animal products at 33, dairy products and eggs at 69, fruit at 189, cotton fiber at 68, wheat including flour at 14, unmanufactured tobacco at 97, hams and bacon at 18, and lard at 45. It should be noted, however, that because of the rise in prices, the value of these exports had not declined to as great an extent as the volume.

In the case of grains, the United States was to a small degree on an import basis during January 1935. This was true particularly in the case of barley, oats, and rye (all commodities, however, for which there were no adjustment programs) and corn. Imports of corn totaled 1,887,000 bushels during this month, while exports were negligible. Imports and exports of wheat almost exactly balanced. Had there been normal weather in 1934, which would have increased the wheat crop by about 300,000,000 bushels, exports of wheat from the United States would undoubtedly have far exceeded imports.

In the case of corn, it may be noted that a considerable quantity was exported in the form of pork and lard. Exports of pork were approximately 9½ million pounds in January 1935 and exports of lard almost 18 million pounds. Roughly 3 million bushels of corn would have been consumed in production of these quantities of pork and lard. This would make the United States a net exporter of corn in this month to the extent of more than a million bushels.

HOW CAN THE UNITED STATES INCREASE AGRICULTURAL EXPORTS ONCE MORE?

Farmers—even more than other groups—are dissatisfied with the present curtailed exports of agricultural products. Setting aside, for the moment, the factor of the drought in reducing supplies to the point where exportable quantities of drought-reduced products are temporarily unavailable, let us ask the question: How can American agriculture increase its exports when supplies again are normal?

The crop land to grow products for an export market is in existence; farmers only too gladly will be ready to produce for such market if the market is there. Cotton planters, wheat growers, hog raisers, are not at all happy about keeping part of their land out of production or using only a portion of their facilities for growing stock.

Examination of the tables in later pages on the exports of pork and lard, grains, and other products over the last few years will show that exports were declining before adjustment programs were put into effect. A correct statement of cause and effect with regard to exports and adjustment programs is that decline in exports caused the adjustment programs rather than the reverse. Even with the ruinous prices of 1932, and with tremendous surpluses of every major agricultural product, pork exports had declined from 14.1 percent of production in 1929 to 8.5 percent in 1932; exports of lard had declined from 829,328,000 pounds in 1929 to 546,202,000 pounds in 1932; wheat exports had declined from 140 million bushels in 1929-30, or 17.4 percent of average production, to 32 million bushels in 1932-33, or only 4 percent of average production.

If large domestic supplies and low domestic prices were the only factors influencing exports, this country's exports should have been greater in 1932 than they were in 1929. Since this was not the case, other factors must have influenced the decline in exports. One such factor has been the increasing efforts at self-sufficiency on the part of other nations, which has led them to encourage home production of agricultural products and to raise barriers against imports. Another factor, however, has been the increasing difficulty of obtaining dollar exchange on the part of foreign countries which buy American agricultural products.

MUTUAL EXCHANGE OF GOODS NEEDED

Why do foreign nations find it difficult to obtain the dollars to buy American agricultural products? The reason is that this country's high tariffs exclude the products of other nations—they cannot sell the United States their goods and thus obtain the money to buy back American goods. After the war the United States lent money in order to provide this dollar exchange. This could not go on indefinitely; in 1929 and 1930 the United States ceased lending large amounts of money abroad. Foreign nations have since shipped large amounts of gold to the United States in an effort, in some part, to make up the balance. But this, too, cannot go on long, since a large percentage of the world supply of gold is already in the United States.

Only by increased mutual exchange of goods between the United States and other nations can exports of the United States be increased. This can be accomplished by a selective lowering of tariffs or by trade agreements, or both. Efforts are now being made, through the Reciprocal Tariff Act passed in 1933, to increase international trade. Agreements with Cuba and Belgium have been made and are now in effect and an agreement with Brazil is awaiting passage by the Brazilian Congress. The success of the Cuban agreement since last September indicates that progress can be made in this manner.

Farmers as an isolated group, however, cannot produce for a world market while dollar exchange is unavailable to buy their products, and while high tariffs for industrial goods makes the things the farmers buy relatively much higher in price than the things the farmers sell. The shrinkage of international trade forced the farmer to produce for the domestic market and for such export markets as were still open to his products. Exports of agricultural products can increase once more when barriers to international trade are removed and when the United States is willing to accept desirable imports of other countries.

THE A. A. A. PROGRAMS AND THE FEED SITUATION

Examination of the effect of the various A. A. A. programs during the period of the drought indicates that more rather than less feed was available per consuming animal unit during the 1934-35 winter feeding season because of the programs.

Emergency forage crops were encouraged on the 13 million acres of corn land kept out of corn production through the 1934 corn-hog program. A large volume of feed was also produced on the 15 million contracted acres of cotton land, the 8 million contracted acres of wheat land, and the 500,000 contracted acres of tobacco land. Without the A. A. A. programs, forage crops would not have been grown on this aggregate acreage of nonfeed crop land.

Because of the low yields due to the drought, only 200 million bushels of corn could have been produced on the contracted corn acreage in 1934. Altogether, the feed production on the total of 36,500,000 contracted acres for all crops under adjustment programs more than offset this reduction in corn production under the corn-hog program.

LIVESTOCK PROGRAMS WERE CONSERVATION MEASURES

Moreover, the livestock programs of the Adjustment Administration, by effecting an earlier reduction in livestock numbers, served to lessen the amount of corn and other feed used when supplies were plentiful, and thus to increase the amount which was available after the drought. Perhaps 60 to 75 million bushels of corn were "saved" in this manner by the emergency pig and sow marketing program, which, involving the slaughter of more than 6 million unfattened pigs, was undertaken in the fall of 1933 to avert collapse in the price of hogs.

By transferring the availability of this corn from a period of excess hog production to a period of short supplies, the 1933 slaughter program also operated to increase the amount of pork now on hand over what it would have been without the slaughter program.

The 1934 corn-hog program involved an adjustment in farrowings equivalent to at least 200 million bushels of corn, or the volume required to feed out the pigs which would have been grown without the program.

The drought-relief purchase of cattle by the Government also served to reduce corn requirements during the present feeding season, to the extent, perhaps of 10 to 20 million bushels.

The Government's corn loan program in the fall of 1933, through easing the need for early disposal of the corn crop of that year, encouraged a more conservative feeding of corn during the winter of

1933-34. With corn very plentiful at that time, the 270 million bushels that were sealed in cribs during the loan program were withheld from the amount available for feeding. The conservative feeding induced by this measure may have "saved" as much as 25 million bushels.

The various adjustment programs acted thus as a leveling factor in easing the shortage cycle caused by the drought.

AFTER DROUGHT SHORTAGES—WHAT?

Wheat farmers, corn and hog farmers, livestock growers now find themselves in the situation of greatly diminished supplies and relatively high prices for their products. The reduction in livestock numbers during 1934, according to the livestock inventory report of the Department of Agriculture issued the middle of February, was more than twice as great as in any other year of the 45 years of record. All cattle were reduced 11.2 percent; hogs were reduced 35.3 percent. The corn crop was about a billion bushels under expectations, the wheat crop was short some 300,000 bushels of average production.

With prices for hogs, beef, corn, wheat, and other agricultural products supported by these shortages, the position of American agriculture is such that a cycle of expansion and overproduction ordinarily would be indicated for the near future. This has already been true of similar periods in the past. After the drought year of 1894, for instance, when farmers harvested only about 1,615,000,000 bushels of corn, corn yields not only went back to normal in the following year, but farmers had planted an additional 10 million acres. As a result of expanded production and normal yield in 1895, the price of corn went down approximately 45 percent from the level of the previous year, or from 45 cents to 25 cents.

Similar examples of overproduction and decline in prices following years of shortage might be cited for other grains and for livestock. Every livestock farmer knows that livestock cycles have been particularly disruptive in the past.

Will farmers in the next year or two experience the same disastrous overexpansion of production and collapse of prices which followed on years of shortage in the past?

The weather of the coming season will be an important factor. Shortage of moisture during the early months of 1935 in parts of the western plains region has indicated a less than normal wheat crop, so that restrictions on wheat plantings for 1935 have been greatly modified by the Agricultural Adjustment Administration for those producers who agree to off-set this year's increased plantings next year.

EXCESS CROP ACREAGE MIGHT BRING OVER- PRODUCTION AGAIN

Rainfall throughout most of the corn belt and in other major crop regions was about normal during the early part of 1935, however, and abandonment of adjustment programs could soon result in excessive production once more. The extra acreage in corn, cotton, and tobacco lands is still in existence, and is capable of producing unneeded surpluses again. Average weather for these crops and unlimited planting, brought about through the attraction of present high prices, could quickly cause a new surplus problem for American farmers. The drought wiped out surpluses without removing any of the causes of those surpluses. It did not for example, lower any tariffs, or restore any of our export markets, the loss of which backed up surpluses on our home markets. The elements of the beginning of an overproduction cycle are present at this time. Present adjustment programs are designed to adjust production to a level which will make up drought shortages, render importations unnecessary, and provide adequate supplies for domestic needs and for exports. But only by continuing to utilize the cooperative planning facilities of the adjustment programs can American farmers avoid the disruptive fluctuations of production cycles of the past.

II. FACTS ON SPECIFIED IMPORTS

In the following pages, the circumstances surrounding importation of specific agricultural products is examined in greater detail. Tables are appended showing exports and imports of grains and meats for each year over the last 12 or 15 years. Meat tables are included indicating the variety and quantity of different meat products generally exported from and imported into the United States.

DURUM WHEAT

While the 1934 wheat crop as a whole, due specifically to the drought, was about 36 percent less than the average of the previous 5 years, the loss in the durum wheat crop was relatively very much greater. From 1929 through 1933 the United States produced an average of 39 million bushels of this type of wheat. The drought reduced plantings and cut production in 1934 to only 7 million bushels. With Agricultural Adjustment Administration restrictions removed, perhaps another million bushels might have been added, making the 1934 durum wheat crop 8 million bushels. But this would have been only one-fifth of average production and far below domestic needs. Consumption of durum wheat averaged 37 million bushels annually from 1929 to 1933.

Durum wheat is a hard kernel wheat especially needed in the making of flours for certain products such as macaroni. Softer wheats, such as make up the bulk of production, cannot be used for purposes of this sort. The United States normally produces more durum wheat than the domestic market requires and has a surplus for export. With the extremely short crop of durum wheat in 1934, some importations have been necessary.

The major portion of the wheat imported into the United States since July 1934 has been durum wheat, for seed and milling. A lesser portion (about 4 million bushels, between July 1 and Feb. 28, 1935) has been wheat not fit for human consumption, and has been used for feed. Practically all imports of wheat in the United States are from Canada.

Table 5 shows exports and imports of wheat for crop years from 1921-22 through January 31, 1935. It will be noted that exports and imports were equal for the 7-month period July 1, 1934, through January 31, 1935.

TABLE 5.—*Wheat, including flour: Production, exports, and imports, 1921-35*

[In millions of bushels—000,000 omitted]

Crop year begin- ning July 1	Production	Exports ¹	Imports ²	Crop year begin- ning July 1	Production	Exports ¹	Imports ²
1921-22	819	274	8	1928-29	913	142	—
1922-23	847	212	7	1929-30	822	140	—
1923-24	759	145	14	1930-31	890	113	—
1924-25	840	255	—	1931-32	932	123	—
1925-26	659	94	2	1932-33	746	32	—
1926-27	834	206	—	1933-34	³ 529	26	—
1927-28	875	191	—	1934-35	³ 496	⁴ 8	⁴ 8

¹ Exports (imports bonded for milling and re-export subtracted).² Imports duty paid, for domestic consumption only. Bureau of Foreign and Domestic Commerce.³ Preliminary.⁴ Through Jan. 1, 1935.

Production as reported by Bureau of Crops and Livestock Estimates.

ARGENTINE CORN

Imports of corn, most of which had come from Mexico during 1934, were arriving partly from Argentina during the early months of 1935. The amount of Argentine corn imports has been considerably exaggerated, however. In January 1935, only 26 percent of the corn imports of 1,887,293 bushels were from Argentina. In February 53.6 percent of the imports of 1,815,836 bushels of corn came from Argentina. These imports have been used to supplement short feed supplies on the seaboards of the United States. The type of corn imported from Argentina is of a hard, flinty variety which may be fed to poultry, but not to cattle or hogs unless ground.

The average production of corn in Argentina is approximately 300 million bushels, with last year's crop amounting to 246 million bushels. Thus, the entire Argentine crop was less than a third as great as the loss caused by the drought this year in the United States. Its normal crop (to make another comparison) is less by a third than the normal production of the one State, Iowa.

Corn imports must pay the regular duty of 25 cents per bushel, besides ocean shipping charges, insurance, and handling charges. Imports from Argentina are possible, then, only during an abnormal situation when domestic prices are relatively much higher than prices in Argentina. Imports cannot profitably be hauled by freight very far inland in the United States, since freight charges would quickly eliminate the margin of profit.

Shipments of corn will no doubt continue to arrive from Argentina until such time as the grain and feed situation in the United States has become easier. The coming in of pastures in the spring should relieve the feed situation to some extent, and diminish imports of corn. Unless there is another severe drought, the appearance of the United States corn crop in the fall should stop imports almost entirely.

Table 6 gives corn exports and imports as compared with production.

TABLE 6.—*Corn, including meal: Production, exports, and imports, 1921–35*

[In millions of bushels—000,000 omitted]

Crop year begin- ning Nov. 1	Produc- tion ¹	Exports ²	Net imports	Crop year begin- ning Nov. 1	Produc- tion ¹	Exports ²	Net imports
1921-22.....	2,928	169	-----	1928-29.....	2,715	42	-----
1922-23.....	2,707	54	-----	1929-30.....	2,536	9	2
1923-24.....	2,875	22	4	1930-31.....	2,065	3	1
1924-25.....	2,290	11	1	1931-32.....	2,589	6	-----
1925-26.....	2,853	26	1	1932-33.....	2,907	7	-----
1926-27.....	2,575	17	5	1933-34.....	2,352	5	3
1927-28.....	2,678	21	1	1934-35.....	1,381	(3)	3 5

¹ Grain equivalent on entire acreage.² Shipments to Territories excluded. Bureau of Foreign and Domestic Commerce.³ Nov. 1, 1934–Feb. 28, 1935. Exports were 343,000 bushels.

Production as reported by Bureau of Crops and Livestock Estimates.

OATS

Oat production, which had been low in 1933, was only 528,815,000 bushels in 1934, as compared with a 1928–32 average of 1,217,668,000 bushels. The low production in 1934 was due both to decreased acreage and to decreased yield because of the drought. There was no limitation on planting of oats through the adjustment programs.

With a general scarcity of feed, demand for oats has raised prices and drawn in imports during the present feeding season. For the calendar year 1934, imports, including meal, were 5½ million bushels, or less than one-half of 1 percent of the United States average production of oats. Most of these imports occurred in the latter half of the year. Between July 1, 1934, and February 28, 1935, about 9 million bushels of oats were imported, or less than 1 percent of the American average yearly production. The large bulk of these imports was from Argentina, which produced its largest harvest of oats on record in 1934.

Imports of oats have occurred in the past. During the 1919–20 crop year, for instance, the United States imported 6 million bushels, and during 1923–24 it imported 7 million bushels.

Exports of oats have declined steadily since 1926, when 37 million bushels were exported. In 1929–31 the United States exported 8 million bushels; by 1933–34 it exported only 2 million bushels. During the present crop year, it is exporting at a rate of about a million bushels for the year, so that temporarily it is on an import basis with respect to oats.

TABLE 7.—*Oats: Production, exports, and imports, 1919–35*

[In millions of bushels—000,000 omitted]

Crop year begin- ning Aug. 1	Produc- tion	Exports including oatmeal ¹	Imports	Crop year begin- ning Aug. 1	Produc- tion	Exports including oatmeal ¹	Imports
1919–20	1,107	38	6	1927–28	1,093	9	—
1920–21	1,444	10	4	1928–29	1,319	16	—
1921–22	1,045	25	2	1929–30	1,118	8	—
1922–23	1,148	22	—	1930–31	1,277	3	1
1923–24	1,227	8	7	1931–32	1,127	5	—
1924–25	1,424	21	1	1932–33	1,247	5	—
1925–26	1,410	37	—	1933–34 ²	732	1	—
1926–27	1,142	14	—	1934–35 ²	529	(3)	17

¹ Oatmeal converted to oats on basis of 18 pounds of oatmeal per bushel.² Preliminary.³ Through Jan. 31, 1935. Domestic exports amounted to 496,000 bushels.

Production as reported by Bureau of Crop and Livestock Estimates.

Oat imports have paid the regular duty of 16 cents a bushel. Such imports will doubtless continue until the feed situation in the United States is eased, which should occur to some extent with the coming in of pasture in the spring.

Statistics about oats production, exports, and imports are given in table 7.

BARLEY

Barley, a relatively minor crop in the United States, has been subject to increased demand during the last 2 years because of the termination of prohibition and increased use of malt in brewing. With short crops in both 1933 and 1934, supplies have been lower than demand. The 1933 crop was 156 million bushels, as compared with an average for the 10 years 1924–33 of 233 million bushels. The 1934 production was only 119 million bushels, or approximately one-half of the 10-year average. This low production was due partly to decreased planting, chiefly to the drought.

There is no crop-adjustment program for barley.

Exports of barley have been declining since 1928–29. By 1933–34 they were 5½ million bushels as compared with an average for the 10 years of approximately 24 million bushels. However, the United States was on an export basis with regard to barley through the 1933–34 crop year.

Since August 1, 1934 (beginning of the crop year) the United States has been on an import basis for barley. Ten and one-half million bushels were imported between August 1, 1934, and January 31, 1935. Most of this was in the form of malt, for brewing.

Table 8 gives statistics about barley production, exports, and imports.

TABLE 8.—*Barley: Production, exports, and imports 1921–35*

[In thousands of bushels—000 omitted]

Crop year beginning Aug. 1	Production ¹	Exports ²	Imports ³	Crop year beginning Aug. 1	Production ¹	Exports ²	Imports ³
1921–22	132,702	27,624	8	1928–29	329,625	62,173	45
1922–23	152,908	20,053	38	1929–30	250,242	20,630	41
1923–24	158,904	14,204	55	1930–31	303,752	11,422	1,413
1924–25	167,314	29,344	48	1931–32	198,543	5,603	1,509
1925–26	192,779	29,827	53	1932–33	302,042	9,423	1,406
1926–27	164,467	20,553	49	1933–34	³ 155,825	5,440	4,553
1927–28	240,057	38,989	45	1934–35	³ 118,929	⁴ 3,389	⁵ 7,028

¹ Production as reported by Division of Crop and Livestock Estimates.² Imports, exports from Monthly Summary of Foreign Commerce of the United States and official records of Bureau of Foreign and Domestic Commerce. Imports for consumption of barley and malt, year beginning July 1.³ Preliminary.⁴ December crop report, Bureau of Agricultural Economics.⁵ From Aug. 1, 1934, through Jan. 31, 1935.

RYE

Rye is also a relatively minor crop in the United States. Ordinarily it has been on an export basis, though exports, because of increased self-sufficiency of foreign nations, have been declining since 1927–28.

Production of rye in the United States has also been declining. While the annual crop was ordinarily well over 50 million bushels before 1925, since then it has been considerably under that figure.

The years 1933 and 1934 were short years in production of rye. The 1933 crop was only 21 million bushels; the 1934 crop was only 16 million bushels, or 60 percent less than the average production for the previous 10 years.

Meanwhile there has been an increased demand for rye for distilling industries. Because of this demand and short supplies, imports of rye jumped to almost 12 million bushels in the crop year 1933–34. Between July 1, 1934, and February 28, 1935, imports of 5,864,000 bushels were received.

Rye imports are relatively greater at the present time than imports of any other grain produced in the United States ordinarily on an export basis, being approximately 20 percent of average production for the calendar year 1934. Since there has been no adjustment program for rye, it must be concluded that other factors than the A. A. A. programs are responsible for the present increased imports. Rye statistics are given in table 9.

TABLE 9.—*Rye: Production, exports, and imports, 1921-35*

[In thousands of bushels—000 omitted]

Crop year beginning July 1	Production ¹	Exports including flour ²	Imports ³	Crop year beginning July 1	Production ¹	Exports including flour ²	Imports ³
1921-22	61,023	29,944	700	1928-29	38,591	9,488	
1922-23	100,986	51,663	99	1929-30	35,482	2,600	1
1923-24	55,961	19,902	2	1930-31	46,275	227	88
1924-25	59,076	50,242	1	1931-32	32,290	909	1
1925-26	42,779	12,647		1932-33	40,639	311	14
1926-27	35,361	21,698	1	1933-34	3 ⁴ 21,150	21	11,949
1927-28	52,111	26,346	2	1934-35	3 ⁴ 16,040	(4)	4 ⁵ 5,864

¹ Production as reported by Division of Crop and Livestock Estimates.² Monthly Summary of Foreign Commerce of the United States and official records of Bureau of Foreign and Domestic Commerce. Imports for consumption.³ Preliminary.⁴ July 1, 1934, through Feb. 28, 1935. Exports 249 bushels.

HAY

Production and consumption of hay in the United States, generally speaking, are on a domestic basis, both imports and exports being relatively minor factors. Since hay is a bulky product, transportation becomes an expensive item, which means that hay produced is usually used close to the point of production. Expense of transportation, however, results in some imports being drawn in for use along the Canadian border, the item of duty being relatively less than freight charges for long hauls within the United States. Most imports of hay are used for winter feeding of dairy cattle in New England, with a lesser amount being used along the western Canadian border. The tariff for hay was \$4 per ton from 1922 to 1930, when it was raised to \$5. As noted before, duty on hay was temporarily removed by Presidential proclamation August 10, 1934 (regulations issued by the Secretary of the Treasury August 13), because of acute feed shortage in the Northwest. Very little imports, however, have come in. Table 10 gives the statistics for hay production, exports and imports.

TABLE 10.—*Hay: Production, exports, and imports, 1919-35*

[In thousands of short tons—000 omitted]

Crop year beginning May 1	Production ¹	Exports ²	Imports ³	Crop year beginning May 1	Production ¹	Exports ²	Imports ³
1919-20	92,482	67	252	1929-30	87,304	9	60
1920-21	91,668	55	126	1930-31	74,310	7	121
1921-22	84,821	61	5	1931-32	73,708	3	20
1922-23	95,152	63	35	1932-33	82,488	2	9
1923-24	89,418	24	403	1933-34 ⁴	74,607	2	2
1924-25	92,731	25	119	1934-35 ⁴	56,690	1	49
1925-26	78,767	18	431				
1926-27	76,449	15	209	Average production			
1927-28	98,658	17	84	1919-20 and 1933-34 ⁵			
1928-29	84,111	14	40		85,112		

¹ Includes tame and wild hay, division of Crop and Livestock Estimates, B. A. E.² Year beginning July 1. Monthly summary of Foreign Commerce of United States.³ Preliminary.⁴ July 1, 1934, through Feb. 28, 1935.⁵ Production as reported by Bureau of Crops and Livestock Estimates.

COTTON PROCESSING TAX HAS NO BEARING ON IMPORTS OF COTTON CLOTH

Cotton cloth may not be considered strictly an agricultural product, since cost of manufacture is proportionately a larger item in the final value than the cost of the raw cotton used. Recent interest in cotton-textile imports, however, and the alleged relation of these imports to the cotton program make it appropriate to examine the actual facts of the situation with regard to this commodity.

TABLE 11.—*Cotton cloth: Production, exports, imports from Japan and from all countries, and ratio of imports to production, by years 1922-34, by months 1935*

	Production ¹	Exports ^{2,3}	Imports from—		Ratio to production	
			All countries	Japan	Imports from all countries	Imports from Japan
1922	1,000 sq. yds.	1,000 sq. yds.	1,000 sq. yds.	1,000 sq. yds.	Percent	Percent
	7,703,555	587,493	142,458	9,081	1.85	0.12
1923	8,264,219	464,520	218,970	10,777	2.65	.13
1924	6,662,808	477,815	177,386	9,235	2.66	.14
1925	7,741,563	543,317	109,249	5,378	1.41	.07
1926	7,936,942	513,299	60,680	2,267	.76	.03
1927	8,980,415	565,021	63,002	1,862	.70	.02
1928	7,972,551	546,847	61,295	1,710	.77	.02
1929	8,541,546	564,444	61,185	1,217	.72	.01
1930	6,558,154	416,285	35,517	1,016	.54	.02
1931	7,140,653	366,959	34,732	770	.49	.01
1932	6,445,342	375,446	29,436	789	.46	.01
1933	8,103,717	302,042	41,348	1,116	.51	.01
1934	7,086,437	226,306	41,533	7,287	.59	.10
1935:						
January		15,663	6,882	3,341	1.17	.57
February		16,019	7,727	4,855	1.31	.82

¹ Association of Cotton Textile Merchants of New York; data for odd-numbered years obtained from reports of the Bureau of the Census; data for other years are estimates of the association.

² Exports of cotton cloth, including ducks and tire fabrics.

³ Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce; General Imports 1922-23; Imports for Consumption 1934 and 1935.

Computed on the basis of average monthly production during 1934.

Cotton Marketing Section, Agricultural Adjustment Administration.

Imports of cotton cloth into the United States had reached a low point in 1932 of 29,436,000 square yards. (See table 11.) Imports since then have increased, reaching 41,533,000 square yards in 1934. Compared to imports of previous years, however, the 1934 imports were relatively small. From 1926 through 1929 imports exceeded 60 million square yards annually, and a still higher peak had been reached in 1923, when imports amounted to 218,970,000 square yards.

Imports during the first months of 1935 were increasing still further. January imports were 6,882,000 square yards, and February imports were 7,727,000 square yards. Most of this increase was due to increased imports from Japan, over half the January and February imports coming from that country, which has sent the United States only one-sixth of the total imports in 1934 and only about one-fortieth of the total in 1933.

Imports of cotton cloth are still relatively small in relation to production of cotton cloth in the United States. Total imports, which had been 2.66 percent of American production in 1924, were 0.46 percent of production in 1932, and 0.59 percent of production in 1934. By February of 1935 the ratio of total imports to production (calculated on the basis of average monthly production for 1934) had risen to 1.31 percent, which is only half the 1923 or 1924 ratio.

Exports of cotton cloth, though they have steadily decreased since 1929, were more than five times total imports in 1934, and more than double imports in February 1935.

COTTON TEXTILE IMPORTS PAY COMPENSATING TAX PLUS TARIFF

Explanation of increased imports, particularly from Japan, must seek further than the processing tax paid by cotton mills which applies only to cotton used to make products sold in the United States. A compensating tax, equivalent to the processing tax, is added to the normal duty imposed on imports of cotton cloth. In January 1935 on actual imports of Japanese goods this equivalent tax averaged 5.5 cents per pound of cloth, as compared with the processing tax paid by domestic mills of 4.2 cents per pound net weight of raw cotton. Japan imports paid also the normal ad valorem duty on cotton cloth, which amounted to 8.7 cents per pound of cloth for January imports. Analysis of cotton cloth imports from Japan in January 1935 indicates that the following items were included in their cost, before they could be put on United States markets:

- 31.7 cents per pound of cloth, average invoice value at point of foreign departure, paid by importers.
- 8.7 cents per pound of cloth, average amount of duty.
- 5.5 cents per pound of cloth, compensating import tax levied to offset the processing tax.

To these costs must be added ocean shipping charges, insurance, handling charges, and so on, which would add some 2 or 3 cents more per pound.

PROCESSING TAX REBATES ON EXPORTS OF COTTON AND COTTON GOODS

As to the effect of the processing tax on exports of cotton and cotton goods from the United States, it should be noted that the processing tax is refunded when these articles are exported from this country. Thus, neither in the case of competition of United States cotton products in the world market nor in the case of domestic competition with the imports of other countries, does the cotton-processing tax figure in the comparative advantage or disadvantage of the United States product.

It is true that, largely through the cotton-production program and the loan program, the price of cotton in the United States has doubled since 1932. However, since large quantities of United States cotton dominate the world market the world price for comparable grades remains virtually that of the domestic price, with the processing tax canceled out. The higher price of cotton in the United States, brought about by the cotton programs, has thus not created a disadvantage to United States manufacture of cotton with respect to foreign manufacture for that portion of goods which competes in foreign trade. Much of the raw cotton used by Japan is cotton bought from the United States, though Japan also buys from India, China, and Egypt. Undoubtedly, however, a large portion of the current imports of Japanese cotton goods were made from cotton previously bought from the United States. The chief factors in the Japanese ability to ship cotton goods into the United States at the present time over tariff walls and the compensating import tax, therefore, are differentials in manufacturing costs as between the United States and Japan rather than differentials in the cost of raw cotton.

MILL MARGINS AND PROFITS HAVE IMPROVED

With regard to the relation of the increased price of domestic cotton and the processing tax to production of cotton goods in the United States, it may be cited that improvement in mill margins, mill profits, and mill consumption of cotton has taken place since the cotton programs have been in effect. Mill margins had a downward trend for several years prior to the inauguration of the programs. For the cotton year 1931-32 the margin between the price of a pound of cotton and the manufacturer's selling prices of the gray cloth produced from a pound of cotton averaged 9.4 cents for 17 constructions of cloth. In February 1933 this margin was 7.5 cents per pound. In the summer of 1933 it rose, and after full allowance is made for the cotton-processing tax, the margin at the high point in August 1933 was above that of any other time since 1925. Mill margins averaged 12.95 cents for the crop year 1933-34 and averaged 12.37 cents for the first 7 months of the current season. This average mill margin fell to 11.33 cents in the week of March 8, but increased to 11.95 cents for the week ending March 22. Current mill margins are well above those prevailing between June 1931 and May 1933 and are about in line with those prevailing in the early spring months of 1930 and 1931.

Cotton consumption and mill profits have also improved since the cotton programs have been in effect. When, in 1932, the farm price of cotton averaged 5.8 cents per pound and there was no processing tax, returns from 834 corporations in the cotton goods industry,

according to the Bureau of Internal Revenue, showed a net deficit of about 53 million dollars in their year's operations. Mill consumption of cotton in 1932 was about 5 million bales. In 1933, when the farm price of cotton averaged 9.7 cents per pound, and with a 4.2-cent processing tax (per pound, gross weight) in effect after August 1, cotton-mill consumption increased to approximately 6,200,000 bales, and cotton mills made a substantial profit. In the current marketing year mill consumption has exceeded that for last year in each month since September, when operations were disrupted by the textile strike.

Mill margins, though improved since 1932, are not yet as profitable as they were previous to the depression. However, increased cost of cotton and the processing tax, which is passed on in the price of cotton goods to domestic consumers, are not the major factors in this situation. It should also be noted that higher cotton prices brought about through benefit payments from the processing tax have very greatly improved the purchasing power of cotton growers and southern communities in general, with a consequent increased ability of the South to buy all types of manufactured goods.

EXPORTS AND IMPORTS OF MEATS

The United States was on a substantial export basis for all meats and meat products during 1933 and 1934, exports exceeding imports by over 16 million dollars, or about 180 percent in 1933, and by 24½ million dollars, or almost 200 percent in 1934. (See table 12.) It is notable that exports in 1934 increased both in volume and in value over exports in 1933. Imports also increased but to a proportionately less degree. Lard exports, not included in this table, add substantially to the total export volume of meat products. (See table 15.)

While meat exports increased in 1934, partly because the drought forced the liquidation of large numbers of animals and abnormally increased the meat supply, exports in the current year will probably drop off, since numbers are now unusually low.

Table 12 gives the types of meats and products exported and imported by the United States, with volume and value, for the 2 years. For tariff duties on meats see table 24.

TABLE 12.—*Meat and meat products: Imports and exports, 1933 and 1934*¹

Item	IMPORTS			
	1933		1934	
	Pounds	Value	Pounds	Value
Fresh beef.....	320,755	\$23,926	140,474	\$13,445
Fresh veal.....	56,974	2,384	3,204	316
Fresh pork.....	538,730	58,017	127,746	19,339
Fresh mutton.....	9,560	400	577	82
Fresh lamb.....	5,891	602	4,461	805
Other fresh meats.....	579,367	47,497	278,338	35,312
Dead turkeys.....	307,147	40,106	294,212	35,817
Other dead poultry.....	155,248	50,004	177,167	47,387
Poultry, prepared.....	297,555	147,926	298,826	192,431
Canned meats.....	43,024,989	2,812,806	46,777,875	3,045,016
Beef and veal, pickled.....	657,818	39,368	823,613	49,314
Pork (ham, shoulders, and bacon).....	1,698,677	398,177	968,869	291,331
Pork, pickled and salted.....	688,110	216,215	484,373	192,383
Other prepared meats.....	4,805	667		
Sausage casings (sheep, lamb, and goat).....	6,199,544	4,788,262	6,915,363	7,860,736
Other sausage casings.....	7,930,943	816,807	7,756,281	1,016,636
Total.....	62,476,113	9,443,164	65,051,379	12,812,350

EXPORTS

Beef and veal, fresh or frozen.....	12,897,650	369,551	15,470,986	735,720
Beef and veal, pickled and cured.....	12,733,869	706,960	13,940,031	823,817
Horse meat, pickled, dry salted, and smoked.....	2,695,159	204,498	2,007,742	198,857
Pork carcasses, fresh or frozen.....	698,459	57,308	1,534,592	136,325
Pork loins and other fresh or frozen pork.....	13,711,993	1,330,494	35,222,695	3,904,589
Hams and shoulders, cured, and bacon.....	98,976,525	10,192,368	83,286,018	11,292,255
Other pork, pickled and salted.....	16,608,460	1,044,435	18,385,024	1,355,978
Mutton and lamb.....	321,129	46,536	593,586	98,486
Sausage, uncanned.....	2,631,705	457,641	2,450,398	457,797
Canned meats.....	13,498,732	2,982,329	16,377,812	5,299,307
Other meats (n. e. s.).....	3,196,375	232,060	4,463,968	406,081
Sausage casings (hogs, beef, and others).....	31,189,705	5,315,295	37,301,175	7,359,015
Fresh poultry and game.....	2,428,918	411,700	2,299,644	430,896
Fresh, frozen, or cured kidneys.....	9,623,483	658,289	9,649,464	840,419
Fresh, frozen, or cured livers.....	9,798,647	596,824	7,010,666	583,294
Fresh, frozen, or cured tongues.....	5,084,457	577,961	6,283,334	907,127
Sausage ingredients.....	4,150,638	208,916	4,693,044	280,550
Cumberland and Wiltshire sides.....	1,192,655	113,927	438,580	58,268
Total.....	231,438,559	25,507,095	51,408,759	35,168,781

¹ Compiled from Foreign Commerce and Navigation of the United States. These figures do not include shipments to our noncontiguous territories of Alaska, Hawaii, and Puerto Rico.

HOG PRODUCTS

As compared with domestic hog production or exports of hog products, the importation of hog products into this country has always been of minor importance. From 1900 to 1930, inclusive, the United States produced and slaughtered 7,149,500,000 pounds of pork (excluding lard) on an annual average. Consumption figures averaged nearly 6,334,000,000 pounds.¹ During this same period, while the United States was exporting an average of 698,600,000 pounds of pork (excluding lard) annually, the average annual imports totaled but 4,250,000 pounds.

For the 5 years from 1929 to 1933, the total imports of hog products into the United States averaged 5,120,000 pounds per year—which is

¹ Statistics of Meat Production, Consumption, and Foreign Trade of the United States, 1900-30. Preliminary Report, Bureau of Agricultural Economics, Washington, March 1931.

only about 6 percent of American exports of pork products during the same period, and only approximately 0.06 percent as great as the production of pork slaughtered under Federal inspection. Table 13 gives a comparison of production, exports, and imports by the United States. The combined imports of all hogproducts in 1929, when imports were larger than in other recent years, amounted to only 8,516,000 pounds, and in 1933 such imports totaled slightly less than 3,000,000 pounds. In 1934 imports were only 1,581,000 pounds, or but 0.02 percent of 1934 production.

TABLE 13.—*Pork: Production, exports and imports, and lard,¹ 1929-34*

Year	Products of hogs slaughtered under Federal inspection ²	Exports ^{3, 4}		Imports ³		Percent of exports
		Actual	Percent of production	Actual	Percent of production	
1929	8,430	1,191	14.1	8.5	8.5	0.7
1930	7,718	933	12.1	4.6	.06	.5
1931	7,831	738	9.4	3.9	.05	.5
1932	7,831	668	8.5	5.7	.07	.9
1933	8,226	726	8.8	2.9	.04	.4
1934	7,186	585	8.0	1.6	.02	.3

¹ Including fresh, pickled, and salted pork, hams, shoulders, bacon, and lard.

² Division of Livestock, Meats, and Wool, Bureau of Agricultural Economics.

³ Compiled from Foreign Commerce and Navigation of the United States.

⁴ Does not include shipments to noncontiguous territories.

FRESH PORK

Nearly all of the fresh pork imported into the United States comes from Canada. In 1929 approximately 4,000,000 pounds of this product were brought in, and in 1933 about 500,000 pounds.

PICKLED AND SALTED PORK

The total imports of pickled and salted pork into the United States dropped from 2,311,000 pounds in 1929 to 688,000 pounds in 1933.

Canada furnished more than 50 percent of the imports of this class of pork in 1929 but by 1933 only 17 percent came from that country. The percentage of the total imports of pickled and salted pork from Germany increased during this period.

HAMS, SHOULDERS, AND BACON

The total imports annually of this class of pork have been more or less consistent since 1929, standing at about 2,000,000 pounds, except for 1932 when the total reached 3,000,000 pounds.

Canada has furnished more than two-thirds of this class of product; Germany is next in importance with about 10 percent of the total.

SAUSAGE CASINGS

"Each country has its peculiar styles and grades of sausage, beef and pork, fresh and dried, smoked and unsmoked, cooked and raw, seasoned and unseasoned, * * *. Each of these styles of sausage is quite distinct and necessary for the nationality for whom it is designed, and needs myriad sizes, shapes, and appearance of casings as identification."²

In general, it may be said that the American consumer prefers sausages of a diameter from twelve-sixteenths-inch to 1 inch,³ sausages such as fresh pork and frankfurters that require the narrower casings, while there is a big demand abroad for sausages of larger dimensions in the manufacture of which large quantities of beef casings and other large-type are utilized.

What seems to have been true in 1927 with regard to the domestic production of narrower-type casings is doubtless equally true today: Demand exceeds production and can only be met by the importation of such type casings, duty-free, from abroad.⁴ At the same time that quantities of narrow-type casings are being imported into this country, the United States is exporting much larger quantities of broad-gage sausage casings, mainly hog and beef, which other countries utilize in the manufacture of sausage there consumed.⁵

Table 14 indicates how, in the give and take of international trade, the United States is importing free of duty quantities of casings which are unavailable in the domestic market, while at the same time we are exporting much larger quantities of hog, beef, and other casings.

TABLE 14.—*Sausage casings: Imports and exports, 1927-34*¹

IMPORTS

Year	Sheep, lamb, and goat casings	Other casings	Total	Percent of total of sheep, lamb, and goat casings
1927	6,898,297	13,856,847	20,755,144	33.2
1928	5,933,617	11,981,878	17,915,495	33.1
1929	6,584,129	16,519,578	23,103,707	28.5
1930	7,830,210	10,587,737	18,417,947	42.5
1931	5,335,072	7,655,831	12,990,903	41.1
1932	4,932,081	7,716,544	12,648,625	39.0
1933	6,199,544	7,930,943	14,130,487	43.9
1934	6,915,363	7,756,281	14,671,644	47.1

¹ Compiled from Foreign Navigation and Commerce of the United States.

² Rudolf A. Clemen, *By-Products in the Packing Industry*. Chicago, 1927, p. 237.

³ Op. cit., p. 271.

⁴ Op. cit., p. 266.

⁵ Norman Draper, secretary of the American Institute of Meat Packers, supplied much of the information embodied here.

TABLE 14.—*Sausage casings: Imports and exports, 1927-34*¹—Continued
EXPORTS

	Hog and beef casings	Other casings	Total	Percent of total of hog and beef casings
	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	
1927	31,001,395	2,154,178	33,155,573	93.5
1928	30,503,009	2,554,129	33,057,138	92.3
1929	29,725,549	2,911,194	32,636,743	91.1
1930	30,507,132	1,686,609	32,193,741	94.8
1931	23,705,493	1,960,854	25,666,347	92.4
1932	23,321,768	1,589,330	24,911,098	93.6
1933	30,183,410	1,006,295	31,189,705	96.8
1934	36,052,820	1,248,355	37,301,175	96.7

UNITED STATES FAVORABLE BALANCE OF CASING TRADE

	Casings	Percent- age that imports are of exports		Casings	Percent- age that imports are of exports
	<i>Pounds</i>			<i>Pounds</i>	
1927	12,400,429	62.6	1931	12,675,444	50.6
1928	15,141,643	54.2	1932	12,262,473	50.8
1929	9,533,036	70.8	1933	17,059,218	45.3
1930	13,775,794	57.2	1934	22,629,531	39.3

LARD EXPORTS

Lard is one of the chief agricultural exports of the United States. Lard imports are practically nonexistent. As noted previously, lard exports, like other exports, have declined considerably since 1929. Trade barriers and lack of dollar exchange on the part of foreign customers have been largely responsible for the decline in lard exports. The decline preceded the efforts of American hog-producers to bring hog numbers more in line with effective demand, exports of lard having fallen from 829 million pounds in 1929 to 546 million pounds in 1932. Exports increased to 579 million pounds in 1933, but declined once more to 431 million pounds in 1934. (See table 15.)

TABLE 15.—*Lard exports*¹—1924-34

[In thousands of pounds—000 omitted]

	Calendar year										
	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934
Exports...	944,095	688,829	698,961	681,303	759,722	829,328	642,486	568,708	546,202	579,132	431,237

¹ Excludes neutral lard. From Bureau of Foreign and Domestic Commerce.

LARD EXPORTS TO CUBA

Table 16 shows monthly exports of lard to Cuba from 1933 through January 1935. The table indicates the beneficial effect of the Cuban trade agreement in increasing exports of lard. The agreement went into effect on August 24, 1934. In the 5 months, from September through January, after the agreement was in effect, lard exports to Cuba totaled 16,523,000 pounds, as compared with 4,307,000 pounds during the same 5-month period a year earlier, with no agreement in effect, or an increase of nearly 400 percent.

TABLE 16.—*Lard exports to Cuba by months, 1933-35*¹

[Thousands of pounds—000 omitted]

Month	1933	1934	1935	Month	1933	1934	1935
January	992	950	3,726	July	679	2,005	—
February	857	1,093	—	August	523	1,850	—
March	886	1,826	—	September	600	4,036	—
April	2,213	1,829	—	October	915	4,398	—
May	963	1,827	—	November	1,036	2,737	—
June	1,018	2,165	—	December	806	1,632	—

¹ Reciprocal trade agreement between the United States and Cuba, effective Sept. 3, 1934.

From Statistical Division, Department of Commerce.

LIVE ANIMALS

The imports of live animals into the United States have fallen drastically in recent years. An important factor in this decline was the increase in import duties on certain classes of livestock under the Tariff Act of 1930. The duty on cattle weighing less than 700 pounds is \$2.50 per hundredweight, and for cattle weighing more than 700 pounds it is \$3 per hundredweight. The duty on hogs is \$2 per hundredweight. A comparison of the import duties of the Tariff Acts of 1922 and 1930 on these two classes of animals is given in table 24.

CATTLE

The imports of cattle into the United States, which amounted to about 640,000 head in 1919, fell by 1923 to 140,000 head. The number increased to 536,000 head in 1928 and then reached the level of 82,000 head in 1933. Imports in 1934 were the lowest for the period considered, when 65,000 head were imported. (See table 17.)

The total imports of cattle as compared with slaughter are shown in table 17. It will be observed that imports were only about 4.6 percent of federally inspected slaughter in 1919, the year of greatest imports, and approximately 0.3 percent of federally inspected slaughter in 1934, the lowest year. The 20,651,000 head of cattle and calves slaughtered in 1934 is the largest number on record. This high number was due to the necessity of forced liquidation on account of the drought. Approximately 6,650,000 head of cattle and calves included

in this number were slaughtered in the drought-slaughter program of the Government.

More than 95 percent of all the imports of live cattle came from our northern and southern neighbors—Canada and Mexico. There are two important reasons for this situation: (1) The nearness of the supply of live cattle in Canada and Mexico, and (2) the prohibition, under existing sanitary regulations, of the importation of live cattle from the other surplus area in the Western Hemisphere—South America. In 1929 about 50 percent of the imports were from Mexico and about 50 percent were from Canada.

Prior to this date Canada furnished the larger percentage of the total, reaching 90 percent in 1921 and 1924. After 1929 Mexico furnished the larger percentage of the total 90 percent in 1933. The imports from Canada probably contain some breeding and slaughter cattle while nearly all of the cattle from Mexico are of the feeder type.

TABLE 17.—*Cattle: Imports and slaughter, 1919-34*

Calendar year	Imports of cattle ¹	Slaughter of cattle ²		Imports as a percentage of slaughter	
		Under Federal inspection	Total	Under Federal inspection	Total
1919	642	14,060	23,283	4.6	2.8
1920	379	12,667	22,340	3.0	1.7
1921	195	11,416	20,242	1.7	.1
1922	238	12,860	21,511	1.9	1.1
1923	140	13,663	22,707	1.0	.6
1924	144	14,528	23,866	1.0	.6
1925	174	15,206	24,804	1.1	.7
1926	221	15,333	24,513	1.4	.9
1927	445	14,396	23,030	3.1	1.9
1928	535	13,147	21,119	4.1	2.5
1929	505	12,813	20,554	3.9	2.5
1930	234	12,765	20,700	1.8	1.1
1931	95	12,825	20,948	.7	.5
1932	106	12,117	20,545	.9	.5
1933	82	13,562	—	.6	—
1934	65	20,651	—	.3	—

¹ Compiled from Foreign Commerce and Navigation of the United States.

² Bureau of Animal Industry.

³ Includes approximately 3,300,000 head of cattle and 1,350,000 head of calves slaughtered in the Government drought-slaughter program of 1934.

LIVE HOGS

Data on the imports of live hogs are available only since 1926. In the period since then the peak year was 1927, when imports reached about 36,000,000 pounds. Since that time the figure has fallen drastically, and in 1933 the amount of imports was only 6,000 pounds. In comparing the imports of live hogs with the slaughter of hogs under Federal inspection, it is found that the largest imports on record were less than one-half of 1 percent of the slaughter under Federal inspection. Imports in 1934 were only 2,000 pounds (table 18).

Canada furnishes practically all of the live hogs imported by the United States.

Most of the hogs imported into this country usually enter the Pacific Northwest, which is sometimes a deficit area for hogs.

TABLE 18.—*Hogs, live: Imports and slaughter under Federal inspection, 1926-34*

Calendar year	Slaughter under Federal inspection ¹	Imports of live hogs ²	Percent imports is of slaughter under Federal inspection	Calendar year	Slaughter under Federal inspection ¹	Imports of live hogs ²	Percent imports is of slaughter under Federal inspection
	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>Percent</i>		<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>Percent</i>
1926	9,554,607	17,931	0.18767	1931	10,419,060	151	0.00145
1927	10,179,780	35,884	.35250	1932	10,397,323	29	.00028
1928	11,413,882	3,620	.03172	1933	10,908,871	6	.00006
1929	11,226,636	614	.00547	1934	9,642,229	2	.00002
1930	10,235,147	19	.00019				

¹ Live weight, Bureau of Animal Industry.

² Compiled from Foreign Commerce and Navigation of United States.

BEEF

From 1900 to 1930, inclusive, this country produced an annual average of 6,493,000,000 pounds of beef.⁶ During the same period the average yearly domestic consumption amounted to 6,276,400,000 pounds. While the exportations of beef amounted to 212,400,000⁷ in this period, the importations totaled not quite 40,000,000 pounds.⁸

The total imports of beef⁹ into the United States for the period 1928 to 1933, inclusive, have averaged 65,408,000 pounds. The peak year came in 1929, when about 125,556,000 pounds were imported. The year of lowest imports was 1931, with about 22,788,000 pounds. In 1933, 42,276,000 pounds were imported. This increased in 1934 to 47,738,000 pounds, though it will be noted that exports increased by about an equal amount.

Since 1925 the total imports of beef of the United States have exceeded the exports of the product; in recent years, however, the difference has not been so great as formerly. In table 19 it will be observed that from 1928 to 1931 the amounts of beef imported and exported were becoming more nearly equal. In 1928 exports were only 13 percent of imports, while in 1931 exports were 72.77 percent of imports. Since 1931 the percentage that exports of beef were of imports has decreased, but it has not fallen so low as any year preced-

⁶ All these are dressed weight basis figures compiled from Statistics of Meat Production, Consumption, and Foreign Trade, 1900-30. Preliminary Report, Bureau of Agricultural Economics, Washington, March 1931.

⁷ Includes shipments to Alaska, Puerto Rico, and Hawaii.

⁸ Imports less re-exports.

⁹ Including fresh, pickled, cured, and canned.

ing 1931. In 1934 exports were about 46 percent of imports, or above the average of recent years. The figures given in table 19 are merely aggregate poundage of the various beef and veal products imported and exported and have not been reduced to a dressed weight equivalent.

TABLE 19.—*Beef: Total United States imports and exports, 1928-34*

Calendar year	Imports ¹				Exports ⁵	Exports as a percentage of imports
	Fresh ²	Pickled or cured ²	Canned ^{3 4}	Total ⁶		
1928	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	Percent
1929	41,262	8,462	52,738	102,462	13,316	13.00
1930	36,225	9,432	79,899	125,556	16,349	13.02
1931	14,693	2,317	56,105	73,115	19,233	26.31
1932	1,741	1,461	19,586	22,788	16,583	72.77
1933	797	818	24,639	26,254	12,505	47.63
1934	288	654	41,334	42,276	16,833	39.82
	140	824	46,674	47,738	21,911	45.89

¹ Imports for consumption.

² Foreign commerce and navigation of the United States.

³ Compiled from records of the Bureau of Animal Industry.

⁴ Includes veal, not reported separately. Other imports and exports are beef only.

⁵ Aggregate poundages of various products, not converted to a dressed weight basis.

FRESH BEEF

The total imports of fresh beef into the United States increased rapidly from 1924 to 1928; and in the latter year they amounted to about 41,000,000 pounds. Since 1928 the quantity of fresh beef coming into the United States from foreign countries has declined greatly, and in 1933 it amounted to 287,000 pounds, while in 1934 it was only 140,000 pounds. (See table 19.)

The most important foreign source of fresh beef for the United States before 1928 was Canada, and since that time New Zealand has taken the lead, except for 1932, when Canada furnished about 50 percent of the total imports of fresh beef to the United States. Australia furnished a small amount of this product, as much as 10 percent of the total imports in the 3 years 1925, 1926, and 1930.

Fresh beef from the surplus beef-producing countries in South America is prohibited entry into the United States under existing sanitary regulations.

PICKLED AND CURED BEEF

Pickled or cured beef imports into the United States have fallen drastically since 1928, the earliest year in which data are available. The largest quantity of this class of beef was imported in 1929, totaling between 9,000,000 and 10,000,000 pounds. Since 1931 the total imports of pickled or cured beef had fallen to less than 1,000,000 pounds annually. (See table 19.) Argentina and Uruguay are the principal sources of this class of beef. In 1928 Canada furnished more than 40 percent of the quantity imported, but since that time pickled or cured beef imports from Canada have dropped to a very nominal amount. Uruguay has been more important as a source of this class

of beef than Argentina, except in 1929 and 1930. In 1932 and 1933 Uruguay furnished about 90 percent of the total imports of pickled and cured beef.

CANNED BEEF

The most important single meat product imported into the United States is canned beef. Importation of this product is primarily because of two facts: (1) Prior to 1934 this country had practically ceased producing canned beef, as facilities for this type of canning in the packing industry were very limited, and as American business men apparently found that other methods of sale were for the most part more economical; (2) beef in any form other than canned beef from foreign countries is excluded by quarantine regulations.

Importations of canned beef increased regularly from 1920 to 1929, when they reached the figure of 77,481,000 pounds. (See table 20.) Between 1930 and 1932 importations declined until in the latter year they amounted to only 21,854,000 pounds, and during this period they were smaller than at any time since 1926. In 1933 a sharp increase occurred in these importations until by the end of the year they amounted to 43,183,000 pounds. In 1934 they amounted to 45,494,000 pounds (46,674,000 pounds, including veal).

Canned-beef importations are seen to be of relatively minor significance, that is, after the canned beef has been converted to a dressed-weight basis and compared with either total production or commercial production of beef in this country. This comparison has been made in table 20.

TABLE 20.—*Imports of canned beef and production of beef in the United States, calendar years, 1920-34*

Calendar year	Imports of canned beef		Production of beef		Dressed weight equivalent of imports of canned beef as a percent of production of beef	
	Quantity ¹	Dressed weight equivalent ²	Under Federal inspection ³	Total ⁴	Under Federal inspection	Total
	1,000 pounds	1,000 pounds	1,000 pounds	Million pounds	Percent	Percent
1920	3,334	8,335	4,371,071	6,713	0.19	0.12
1921	310	775	4,087,392	6,163	.02	.01
1922	440	1,100	4,573,267	6,706	.02	.02
1923	4,278	10,695	4,685,704	6,873	.23	.16
1924	7,321	18,302	4,829,474	7,065	.38	.26
1925	7,975	19,938	4,938,948	7,146	.40	.28
1926	22,281	55,702	5,225,909	7,458	1.07	.75
1927	33,892	84,730	4,784,563	6,826	1.77	1.24
1928	50,680	126,700	4,265,056	6,082	2.97	2.08
1929	77,481	193,702	4,274,949	6,065	4.53	3.19
1930	48,533	121,332	4,245,409	6,076	2.86	2.00
1931	18,120	45,300	4,278,467	6,132	1.06	.74
1932	21,854	54,635	3,939,836	5,896	1.39	.93
1933	43,183	107,958	4,540,956	—	2.38	1.5
1934	45,494	113,735	(5)	—	—	—

¹ Bureau of Animal Industry. (Does not include veal.)

² Quantity divided by 0.40.

³ Division of Livestock, Meats, and Wool, Bureau of Agricultural Economics.

⁴ From Statistics of Meat Production, Consumption, and Foreign Trade of the United States, 1900-30.

⁵ Production for 1934 not available at time of publication.

In 1929, the year of largest imports for the period under consideration, canned beef imports were equivalent to about 3.2 percent of the total beef production and to approximately 4.5 percent of the beef production under Federal inspection. In 1931, the year of smallest imports, they amounted to about 0.74 percent of the total beef production and to about 1.06 percent of beef production under Federal inspection. In 1933, when imports had risen to 43,183,000 pounds, the importations, were equivalent to about 1.5 percent of the total beef production and to approximately 2.38 percent of the production under Federal inspection. Canned beef imports in 1934 amounted to 46,674,000 pounds.¹⁰

The canned-meats import figures compiled from the Foreign Commerce and Navigation of the United States furnishes the best data available for determining the source of canned beef imports into the United States. Even here figures for canned beef are not given separately. The amount of all the canned meats imported from various countries, however, gives some indication of the proportion of canned beef originating in those countries.

CANNED BEEF COMES FROM ARGENTINA AND URUGUAY

South American countries furnish more than 95 percent of the canned meat imported by the United States. It originates especially in Argentina and Uruguay, the main surplus beef producing countries on the South American Continent. Until 1930 Argentina supplied more for the United States than did Uruguay, but in that year Uruguay took the lead. From 1925 to 1933 the amount from each of these two countries did not drop below 40 percent or rise above 60 percent of the total imports of canned meats by the United States.

Two reasons may be given for the sharp increase in importations in 1933: (1) Some imported canned beef was obtained for consumption in the Civilian Conservation Corps camps during the summer of 1933 when the domestic market was short of a sufficient supply and when the camps were first getting under way.¹¹ At that time practically no canned beef was produced in this country. (2) Another suggested reason is that since January 1, 1933, the United Kingdom, in recent years the most important market for the beef products of Argentina and Uruguay, has imposed quota restrictions, and these restrictions have doubtless resulted in larger supplies of beef being available for other markets. Information supplied by the Bureau of Agricultural Economics indicates no significant change in cattle production in Argentina.

¹⁰ This figure, obtained from the Bureau of Animal Industry, is slightly higher than that recorded for the same item by the Bureau of Foreign and Domestic Commerce.

¹¹ Colonel North, Office of the Assistant Secretary of War, is authority for this statement.

As is indicated by table 24, the tariff on canned beef for entry into the United States is 6 cents per pound, but not less than 20 percent ad valorem. Quarantine regulations prohibit the importation of fresh or frozen beef from many foreign countries.

LITTLE BEEF CANNED IN UNITED STATES

Most of the canned beef entering commercial channels in this country in recent years consists of the imported product, according to persons familiar with the meat trade in this country. Quantities were canned domestically prior to the war; but this beef came largely from low-grade cattle and was inferior in quality to that now imported. As a rule much of the inferior quality beef, previously put up domestically in cans, is now sold as sausage ingredients and utilized in the manufacture of sausage. Customarily, domestic packers have found a better outlet in the fresh-meat trade for the domestically produced beef of the grade from which the imports of canned beef have been produced than has been possible through the domestic canned-meat industry.

As previously indicated, facilities for canning beef in this country were very limited prior to 1934. But with the inauguration of the drought-relief program in June 1934 canning facilities have increased throughout the country, and it is probable that with the passing of the emergency these meat-canning facilities will be far in excess of the need in the next 2 years, in view of the greatly reduced cattle numbers.

Cattle producers have not been favorable to the importation of these meat products. It should not be forgotten, however, that with the predicted small supply of cattle for 1935 and 1936 a marked advance in cattle and livestock prices is likely and importation of canned beef may be necessary to supplement domestic meat supplies.

TABLE 21.—*Total value of the domestic exports and general imports of the United States with Argentina, Paraguay, and Uruguay, 1923-34*¹

Year	Argentina		Paraguay		Uruguay	
	Domestic exports	General imports	Domestic exports	General imports	Domestic exports	General imports
1923	\$112,248,000	\$115,276,000	\$585,000	\$545,000	\$15,010,000	\$21,811,000
1924	116,505,000	75,298,000	820,000	114,000	18,132,000	7,070,000
1925	148,463,000	80,170,000	899,000	380,000	21,130,000	16,100,000
1926	142,992,000	88,058,000	900,000	541,000	22,806,000	18,502,000
1927	162,794,000	97,240,000	1,305,000	913,000	24,825,000	10,895,000
1928	178,446,000	99,438,000	1,351,000	546,000	25,679,000	11,709,000
1929	209,875,000	117,531,000	1,500,000	529,000	28,178,000	18,677,000
1930	123,374,000	71,891,000	1,065,000	247,000	21,391,000	12,354,000
1931	52,460,000	35,980,000	592,000	155,000	9,479,000	3,877,000
1932	30,988,000	15,779,000	277,000	100,000	3,194,000	2,104,000
1933	36,801,000	33,841,000	451,000	262,000	3,597,000	3,773,000
1934	42,595,000	29,487,000	647,000	404,000	6,125,000	4,711,000
Total	1,363,541,000	860,039,000	10,392,000	4,736,000	199,546,000	131,583,000

¹ Figures compiled from Foreign Commerce and Navigation of the United States.

Table 21 indicates the total value of the American import and export trade with Argentina, Paraguay, and Uruguay for the past decade, and suggests strongly the value of that trade to the United States. Though this country does import large quantities of canned meats from that region, the total value of American exports to each of the countries named during the past decade has been greater than American imports from them. Exports to Argentina were 159 percent of imports from that country during the period 1923-33, exports to Paraguay were 225 percent of imports, and exports to Uruguay were 152 percent of imports from Uruguay. Exports, which had declined from 1929 to 1932, increased for all three countries in 1933 and again in 1934. The United States would stand to be the loser if it chose to close its markets to their canned meat products.

POTATOES

With an average annual production of approximately 350 million bushels of white potatoes, production and consumption of potatoes in the United States is virtually on a domestic basis. Imports which averaged about 3,500,000 bushels over the last 10 years amounted to approximately 1 percent of average domestic production. Exports averaged about 1,750,000 bushels during the same period, or one-half of 1 percent of domestic production.

Potatoes imported into the United States come chiefly from eastern Canada. Low shipping costs, by boat, make it possible for these imports to enter consumption in the metropolitan areas of Massachusetts and to a lesser extent in other eastern seaboard areas. Potato imports pay the tariff duty of 75 cents per hundred pounds established in the Tariff Act of 1930, which was increased from the duty of 50 cents established by the 1922 act. Some imports of Canadian potatoes are used for seed in the United States. There is also some seasonal importation of early potatoes from Cuba, made possible by the earlier growing season in Cuba.

Exports of potatoes from the United States are chiefly to Cuba and other islands of the West Indies, and to Central America. Quarantine regulations for potatoes virtually inhibit trade in this commodity between the United States and Europe.

Both imports and exports of potatoes have declined in recent years. Exports for the 8-month period July 1, 1934, to February 28, 1935, were 821,000 bushels, which indicates some increase over the previous 3 years and is about 70 percent of average exports for the same period during the past 10 years. Imports of 310,000 bushels during the same period are about 16 percent as large as average imports for the same period over the past 10 years.

Table 22 gives the United States production, exports, and imports of potatoes during the past 10 years.

TABLE 22.—*White potatoes: Production, exports, and imports 1925-35*

[In thousands of bushels—000 omitted]

Crop year beginning July 1	Production ¹	Domes- tic ex- ports ²	General im- ports ¹	Crop year beginning July 1	Production ¹	Domes- tic ex- ports ²	General im- ports ²
1925-26-----	297,567	1,824	5,420	1930-31-----	332,693	1,584	5,729
1926-27-----	322,350	2,092	6,349	1931-32-----	372,994	816	1,493
1927-28-----	368,813	2,424	3,803	1932-33-----	357,871	973	440
1928-29-----	425,626	3,165	2,698	1933-34-----	320,203	721	2,102
1929-30-----	327,652	2,386	6,006	1934-35-----	³ 385,207	⁴ 821	⁴ 310

¹ As reported by Division of Crop and Livestock Estimates.² From Commerce and Navigation of the United States and Monthly Summary of Foreign and Domestic Commerce.³ Preliminary.⁴ Through Feb. 28, 1935.

CHEESE

The United States imports regularly a considerable amount of foreign cheese. During the last 10 years imports of cheese have averaged about 65 million pounds yearly. Imports have been at a somewhat lower level during the depression, but have remained relatively stable at about 50 million pounds yearly since 1930. These imports come from France, Italy, Switzerland, Germany, England, and other European countries, where the making of certain special types of cheese is a long-established local art. Production in the United States of cheeses similar to the Swiss, the Roquefort, Limburg, Brie, and other famous imported brands has made considerable progress in recent years. But whether because the foreign cheeses remain inimitable to tastes accustomed to them, or simply because of the factor of reputation, American consumers continue to desire foreign brands. Imports of cheese have averaged about 14 percent of annual domestic consumption during the last 10 years. Imports during the first 3 months of 1935 were at about the same rate as for the previous 3 years. The tariff on cheese, as established in the Tariff Act of 1930, is 7 cents per pound, or not less than 35 percent ad valorem.

United States exports of cheese are relatively small, and have declined from an average of nearly 6,000,000 pounds annually from 1923 to 1927 to an average of about 1,500,000 pounds during the last 5 years. Exports during the early part of 1935 were at about the rate of the previous 5 years. Table 23 gives production, exports, and imports of cheese.

TABLE 23.—*Cheese: Production, exports, and imports, 1927-35, with 1923-27 average*
[In thousands of pounds—000 omitted]

Calendar years	Production ¹	Domestic exports ²	General imports ²	Calendar years	Production ¹	Domestic exports ²	General imports ²
Average, 1923-27	417,251	5,827	68,842	1932	484,103	1,408	55,623
1927	406,686	3,410	79,796	1933	543,735	1,281	48,397
1928	437,519	2,600	81,403	1934	423,968	1,377	47,530
1929	483,933	2,045	76,382	1935 January		107	3,575
1930	500,376	1,964	68,311	February		83	4,084
1931	492,379	1,673	61,991	March		116	4,220

¹ Bureau of Agricultural Economics.² From Foreign Commerce and Navigation of the United States and Monthly Summary of Foreign and Domestic Commerce.

TARIFF DUTIES

Tables 24 and 25 give the duties under the 1922 and the 1930 tariff acts for the various types of meats, meat products, grains, and grain products. The 1930 Tariff Act increased the duties of most of these products to a considerable degree. Duties on most meats were raised by 50 to 100 percent. Duties on grains and preparations were raised to a less extent, with barley, rye, and oats remaining the same or approximately the same.

TABLE 24.—*Meats and meat animals: Import duty, 1922 and 1930 tariff acts*

Commodity	1922 act		1930 act	
	Description	Duty	Description	Duty
Cattle (except for breeding)	Under 1,050 pounds	\$1.50 per hundredweight.	Under 700 pounds	\$2.50 per hundredweight.
	Over 1,050 pounds	\$2 per hundredweight.	Over 700 pounds	\$3 per hundredweight.
Hogs (except for breeding)	All	\$1.50 per hundredweight.	All	\$2 per hundredweight.
Beef and veal	Fresh, chilled, or frozen.	\$3 per hundredweight.	Fresh, chilled, or frozen.	\$6 per hundredweight.
Do	Pickled, cured, or corned.	20 percent ad valorem.	Pickled, cured, or corned.	\$6 per hundredweight. ¹
Pork	Fresh, chilled, or frozen.	\$0.50 per hundredweight.	Fresh, chilled, or frozen.	\$2 per hundredweight.
Pork, other	Prepared or preserved.	\$2 per hundredweight.	Prepared or preserved.	\$3.25 per hundredweight.

¹ But not less than 20 percent ad valorem.TABLE 25.—*Grains and hay: Import duties, 1922 and 1930 tariff acts¹*

Commodity	Description	1922 act	1930 act
Wheat	For human consumption	30 cents per bushel	42 cents per bushel.
	Crushed or cracked	78 cents per 100 pounds	\$1.04 per 100 pounds. Do.
Corn	Flour and semolina	do	10 percent ad valorem.
	Unfit for human consumption	30 cents per bushel	25 cents per bushel.
Oats	Including cracked corn	15 cents per bushel	50 cents per 100 pounds.
	Grits, meal, flour, etc.	30 cents per 100 pounds	16 cents per bushel.
Barley	Hulled or unhulled	15 cents per bushel	80 cents per 100 pounds.
	Oatmeal, rolled oats, grits, etc.	80 cents per 100 pounds	45 cents per 100 pounds.
Rye	Unhulled ground oats	45 cents per 100 pounds	20 cents per bushel.
	Hulled or unhulled	20 cents per bushel	2 cents per pound.
Hay	Flour, patent, pearl	2 cents per pound	40 cents per 100 pounds.
	Malt	40 cents per 100 pounds	15 cents per bushel.
Straw	Grain	15 cents per bushel	40 cents per 100 pounds.
	Flour and meal	40 cents per 100 pounds	45 cents per 100 pounds.

¹ Comparison of Tariff Acts of 1913, 1922, and 1930, prepared for use of the Committee on Ways and Means, House of Representatives, Government Printing Office, 1930.² Duty on hay and straw temporarily removed by proclamation of President Roosevelt, effective Aug. 30, 1934.